United Nations A/73/270

General Assembly

Distr.: General
27 July 2018

Original: English

Seventy-third session
Item 68 of the provisional agenda*
New Partnership for Africa's Development: progress in implementation and international support

Biennial report on the review of the implementation of the commitments made towards Africa's development

Report of the Secretary-General

Summary

The present report, submitted in accordance with General Assembly resolution 66/293, provides a review of the implementation of commitments made towards Africa's development by African countries and development partners. The report highlights progress, impact and challenges in four thematic areas critical to the promotion of durable peace and sustainable development, as well as to the implementation of the 2030 Agenda for Sustainable Development and Agenda 2063, namely industrialization and regional integration; health, water and sanitation; climate change; and financing of sustainable development.

On industrialization and regional integration, despite efforts to promote economic diversification, limited progress was made in promoting inclusive and sustainable industrialization. An enabling national, regional and international environment remains crucial for boosting productive capacities and fostering inclusive and sustainable industrial development, while infrastructure deficit and non-tariff barriers are among the factors that continue to constrain more efficient and cost-effective intra-African trade. Nevertheless, the establishment of the African Continental Free Trade Area is an important milestone in the efforts to promote regional integration.

On health, water and sanitation, progress was made in improving access to these basic services, although key challenges remain. Maternal and child mortality rates remain higher than in any other region. Significant inequalities persist in access to water and sanitation between rural and urban areas. It is imperative that Governments of African countries meet their financing commitments under the Abuja Declaration on HIV/AIDS, Tuberculosis and Other Related Infectious Diseases and continue to prioritize developing national health systems and further modernizing health infrastructure.

* A/73/150.

18-12538 (E) 230818

Please recycle

On climate change, African countries continue to implement national policies and regional initiatives to promote climate change resilience and adaptation and improve natural disaster preparedness. It is important that these efforts be supported through the fulfilment of commitments pertaining to climate finance, technology transfer and capacity-building.

On financing of sustainable development, it is imperative to continue to harness the full potential of all sources of finance. African countries continue to make significant progress in domestic resource mobilization. It is important to enhance international cooperation to curb illicit financial flows and unleash the potential of domestic financial resources. The fulfilment of official development assistance commitments also remains crucial for providing critical development financing.

I. Introduction

1. Following the adoption of the political declaration on Africa's development needs at the high-level meeting of the General Assembly held in September 2008 (resolution 63/1), the Assembly, by its resolution 66/293, established a United Nations monitoring mechanism to review commitments made towards Africa's development and requested the Secretary-General to submit a biennial report thereon. In the same resolution, the Assembly designated the Office of the Special Adviser on Africa as the secretariat for the biennial review in the context of its agenda item on the development of Africa, in coordination with relevant entities of the United Nations system.

2. Anchored in the principles of mutual accountability and partnership, the report provides a review of the implementation of commitments made by Africa's traditional and new and emerging development partners and by African countries, arising from, inter alia, major United Nations conferences and summits in the economic, social and related fields and summits with Africa's partners.

3. The report is aimed at shedding light on the fulfilment of commitments in critical areas for Africa's sustainable development and inclusive growth, including by revisiting development priorities addressed in previous reports, such as climate change and environmental sustainability and development financing.

II. Process and scope of the report

A. Process

4. In preparing the report, the Office of the Special Adviser on Africa conducted consultations with African stakeholders and Africa's traditional and new and emerging development partners to identify key commitments to support Africa's development under the four thematic areas; discuss achievements and challenges; and generate consensus on concrete recommendations to advance implementation.

5. The consultations were held with representatives of African regional and subregional organizations, civil society, the private sector and other stakeholders, co-organized with the New Partnership for Africa's Development (NEPAD) Planning and Coordinating Agency in Midrand, South Africa, in April 2017; with the participation of the African Union and the Economic Commission for Africa (ECA); with members of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) in Paris in May 2017; and with Africa's new and emerging development partners in Bangkok in June 2017, in collaboration with the Economic and Social Commission for Asia and the Pacific.

6. The consultations were complemented by a comprehensive questionnaire-based survey of key stakeholders, consisting of Member States, academia, civil society organizations and regional and subregional organizations, seeking their perspectives on the extent to which commitments were delivered, as well as challenges, outcomes, impacts and recommendations regarding advancing implementation.

B. Scope

7. Following consultations and the endorsement of the Interdepartmental Task Force on African Affairs, four key thematic areas were selected. The Task Force sought to ensure alignment of the report with African priorities as encapsulated in

Agenda 2063 and the 2030 Agenda and to ensure balance in tackling themes related to the socioeconomic and environmental pillars of sustainable development.

8. The four thematic areas reviewed in the present report are:

(a) Industrialization and regional integration, which are key underpinnings of Africa's socioeconomic transformation agenda set out in Agenda 2063 and essential to enabling resource-based economies to diversify and increase value addition. Industrialization is the subject of Sustainable Development Goal 9 and is consistent with the proclamation by the General Assembly of the period 2016–2025 as the Third Industrial Development Decade for Africa;

(b) Health, water and sanitation, of which improved health care is a central goal in both Agenda 2063 and the Sustainable Development Goals. The provision of clean water and sanitation is a key development objective and essential to achieving improved health outcomes, including with regard to maternal and child mortality;

(c) Climate change, whose negative effects pose major challenges to Africa's peace, security and development. Addressing the challenges will be indispensable to achieving both agendas, as well as to promoting peace and stability on the continent;

(d) Financing of sustainable development, the availability of which from domestic, external, public and private sources is a necessary but not a sufficient condition for achieving the Sustainable Development Goals and Agenda 2063. The section follows progress after the adoption of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development and provides an opportunity to revisit issues raised in the first biennial report (A/71/203).

III. Review of the implementation of commitments under the four thematic areas

9. The present section provides an assessment of progress in the implementation of commitments made by African countries and their development partners in the four thematic areas, highlights their impact and identifies gaps and challenges. The assessment includes a review of the detailed list of commitments made by African countries, OECD Development Assistance Committee member countries and new and emerging development partners and a review of surveys conducted with relevant stakeholders.

A. Industrialization and regional integration

1. Industrialization

Africa: commitment 1: promote inclusive and sustainable industrialization

10. Promoting inclusive and sustainable industrialization is among the key underpinnings of Agenda 2063 and its first 10-year implementation plan (2014–2023) and is crucial for realizing socioeconomic transformation.

11. This builds on the progress made in this regard through the implementation of the First and Second Industrial Development Decades for Africa, as well as the Action Plan for the Accelerated Industrial Development of Africa, which identifies six priorities for action at the national, regional, continental and international levels.

12. African countries committed in goal 4 of the first 10-year implementation plan of Agenda 2063 to transforming economies and creating jobs as drivers of the implementation of the plan.

Implementation

13. The value of manufactured products of African countries doubled from $72 billion in 2002 to $189 billion in 2012. Manufacturing value added also increased substantially at an annual average rate of 12.5 per cent (in 2010). Manufactured exports grew by 6.1 per cent in 2012, driven by strong commodity prices.

14. In terms of the growth of manufacturing value added in Africa, the *Industrial Development Report 2018* indicates an increase from 1.4 per cent in the period 1990–2000 to 4 per cent in 2000–2016. However, manufacturing value added as a share of the gross domestic product (GDP) in African countries declined on average during the same period, from 12.8 per cent in 1990 to 10.5 per cent in 2016.

15. The contribution of the manufacturing sector to employment stagnated between 2000 and 2013, at 5.4 per cent and 11.2 per cent of total employment in sub-Saharan Africa and North Africa, respectively. The share of the manufacturing sector accounted for 11 per cent of GDP in African countries on average in 2015.[1]

Partners: commitment 1: support inclusive and sustainable industrialization, including through finance, investment and wider partnership policies

16. Development partners committed, in United Nations conferences and Group of Seven and Group of 20 summits, to supporting Africa's industrialization by facilitating access to financing and through wider development policies, including through trade, investment and technology transfer. Under various preferential trading regimes, development partners have undertaken to provide improved market access for African products, including manufactured products.

Implementation

17. Recent years witnessed a shift in the allocation of official development assistance (ODA) from productive sectors to social sectors. ODA to social sectors grew from $1.1 billion in 2012 to $1.4 billion in 2016. At the same time, ODA to productive sectors fell by 38.6 per cent, to $315.8 million, in 2016.

18. Africa's new and emerging development partners have made significant commitments to support Africa through a wide range of activities, including trade and foreign direct investment (FDI) in various sectors of several African economies, in particular trade in natural resources, manufacturing, agriculture and construction. The new partnerships have also evolved to include development cooperation in the form of aid, loans and grants.

19. Despite the significant diversification of FDI flows to different sectors of African economies, extractive industries remain the most important destination for investments from new and emerging development partners.

20. Between 2012 and 2015, China offered $31.5 billion in credit lines to African countries, exceeding its $30 billion commitment made in 2013.[2] Notably, the China-Africa Development Fund was established to invest more than $500 million in 27 projects covering agriculture, electric power, construction materials, mining, machinery and industrial parks, with a potential to stimulate nearly $4 billion in corporate investment from China to Africa.[3] By September 2016, more than 2,000 Chinese companies had invested more than $14 billion in Africa.

[1] African Development Bank (AfDB), OECD and United Nations Development Programme (UNDP), *African Economic Outlook 2017: Entrepreneurship and Industrialization* (2017).

[2] According to the Forum on China-Africa Cooperation.

[3] China, Ministry of Foreign Affairs, "Implementation of the follow-up actions of the Beijing Summit of the Forum on China-Africa Cooperation", November 2009.

21. Overall commitment to Africa's infrastructure from all reported sources fell by $16.4 billion from 2015 to 2016. This was due to a reduction of $14.5 billion of reported funding from China and a $4.9 billion decline in private sector investment.[4] Growth in China remains subdued compared with previous years, and the slowdown may affect the foreign investments of China in Africa, lead to cutbacks in investment projects and hurt growth in host countries.

22. Multilateral development banks continue to provide important concessional and non-concessional development financing. The African Development Bank (AfDB) and the Islamic Development Bank signed a $2 billion agreement in July 2017 to finance joint activities and projects in agriculture and food security, renewable energy and small and medium-sized enterprises in African countries over a three-year period.

Impact

23. Based on the $60 billion committed by China at the sixth Summit of the Forum on China-Africa Cooperation, held in 2015,[5] 243 cooperation agreements amounting to about $50 billion were signed by China and African countries between December 2015 and July 2016. A report by McKinsey[6] highlighted economic benefits to Africa from Chinese investments, including job creation and skills development. Of the 1,000 firms surveyed, 89 per cent of the employees are local. Research suggests that Chinese firms employed several million Africans. Nearly two thirds of Chinese firms provide skills training to their workers. By 2015, China had established regional vocational education centres and capacity-building colleges, trained 200,000 technicians and provided Africans with 40,000 training opportunities in China.[7]

24. By 2016, disbursements of Indian financial commitments had funded over 150 projects across 45 African countries, all of which have benefited from more than $10 billion in lines of credit.[8] The country's commitments in the energy sector doubled in 2016 to $1.2 billion, from $524 million in 2015.[9]

25. Africa currently accounts for about 55 per cent of the disbursements by the Brazilian Cooperation Agency, foreign aid from Brazil exceeded $1 billion in 2017, and a Brazilian business conglomerate provided about 13,000 jobs in Angola.

26. Although manufacturing accounts for only 18 per cent of Africa's total exports, the share of manufactured products in intra-African trade exceeded 50 per cent on average during the period 2010–2015,[10] highlighting the positive impact of regional integration on efforts to promote value addition and industrialization.

27. However, most African countries are integrated into the world economy at the lower end of the global value chain, with the bulk of the profits accruing to firms in developed countries, especially for several African agricultural products, such as coffee, cocoa and tea. An urgent priority therefore must be to help African countries to transform agricultural raw materials into industrial products, including through private-public partnerships.

---

[4] AfDB, *African Economic Outlook 2018* (2018).

[5] Yun Sun, "Foresight Africa viewpoint — China's engagement in Africa: what can we learn in 2018 from the $60 billion commitment?", Brookings Institution, 30 January 2018.

[6] Kartik Jayaram, Omid Kassiri and Irene Yuan Sun, "The closest look yet at Chinese economic engagement in Africa", McKinsey, June 2017.

[7] In accordance with the Forum on China-Africa Cooperation Johannesburg Action Plan (2016–2018).

[8] Asrat Seyoum, "India avails billion dollars' worth line of credit to Ethiopia", *The Reporter*, 18 March 2017.

[9] AfDB, *African Economic Outlook 2018*.

[10] AfDB, OECD and UNDP, *African Economic Outlook 2017*.

2. Regional integration

Africa: commitment 2: promote regional integration, including through the establishment of a continental free trade area

28. African countries committed themselves to the establishment of the African Continental Free Trade Area as a flagship programme of Agenda 2063 that is crucial for promoting inclusive growth and sustainable development.

Implementation

29. Important steps have been taken by African countries, the African Union and the regional economic communities to advance regional integration, including the launch in June 2015 of the Common Market for Eastern and Southern Africa — East African Community — Southern African Development Community Tripartite Free Trade Area, comprising 26 African States.

30. At the time of writing, 49 countries had signed the agreement establishing the African Continental Free Trade Area, which is aimed at doubling intra-African trade by removing non-tariff and tariff barriers on goods and services.

31. At its thirtieth ordinary session, held in January 2018, the Assembly of Heads of State and Government of the African Union adopted a continent-wide protocol on the free movement of people and the right to live and own land anywhere in Africa, which will significantly enhance intraregional integration.

32. At the same session, the Assembly of the African Union launched the Single African Air Transport Market, which will unify the air transport market and liberalize intra-Africa travel, thereby contributing to regional economic integration and development.

Impact

33. According to *Africa Economic Outlook 2017*, trade among African countries expanded from 10 per cent in 2000 to 16 per cent in 2014. ECA projects that the African Continental Free Trade Area has the potential to lift intra-African trade by 52.3 per cent from 2010 to 2022 and increase trade in industrial products by 53.3 per cent over the same period, while boosting value addition and driving industrial competitiveness.

3. Overall assessment and key priorities and challenges

Industrialization

34. There has been limited progress to date in promoting inclusive and sustainable industrialization, measured through manufacturing as a proportion of GDP. Africa should develop its own path, drawing especially on the potential of agro-industry and capitalizing on its natural comparative advantages, while drawing policy lessons from other regions that have successfully built industrial sectors. Industrial policy cannot be considered in isolation; there is a need to address wider development issues, infrastructure, education, skills development and training.

35. Advancing industrialization requires special financial vehicles and institutions such as national and regional industrial development banks to finance industrial development-related activities. Although many African countries have established agricultural development banks, very few have financial mechanisms favouring industrial development.

36. Women-owned small and medium-sized enterprises and small firms lack access to finance. This key gender constraint in development is due to a lack of publicly backed schemes oriented towards women.

37. Trade policy reforms in OECD countries are necessary, as the current tariff structure penalizes processed and semi-processed products from Africa over raw materials.

38. While access to global markets will provide greater opportunities for growth and inclusiveness in the least developed countries, African agribusiness should look for enhanced opportunities, thanks to the widening and deepening of regional integration through the African Continental Free Trade Area and the Tripartite Free Trade Area.

Regional integration

39. Infrastructure deficit and non-tariff barriers are among the key factors that continue to constrain a more efficient and cost-effective intra-African trade. Advancing the implementation of regional infrastructure projects is essential to promoting trade and regional integration.

40. Attracting private investments, including through the creation of enabling regulatory and legal frameworks, is indispensable for bridging the infrastructure deficit.

41. The disconnect between efforts aimed at industrialization and trade negotiations also poses significant challenges.

42. Removing difficulties faced by small and medium-sized enterprises in gaining access to credit to innovate and expand production will be important for economic structural transformation and industrialization.

B. Health and water and sanitation

1. Health

Africa: commitment 3: increase domestic funding for the health sector

43. In the 2001 Abuja Declaration on HIV/AIDS, Tuberculosis and Other Related Infectious Diseases, African countries pledged to allocate at least 15 per cent of their annual budgets to improving the health sector. Governments of African countries also adhered to, among others, the 2006 Continental Policy Framework on Sexual and Reproductive Health and Rights and the Africa Health Strategy 2016–2030.

Implementation

44. Available data from the World Health Organization (WHO) demonstrate a significant increase in health expenditure in African countries as a percentage of total government expenditure, from 8.7 per cent to 11.4 per cent in the period 2000–2013, rising from $13.6 billion to $50.7 billion over the period 2000–2011.

45. The African Union strengthened its health architecture by launching the Africa Centres for Disease Control and Prevention and their regional collaborating centres in the five regions of the African Union.

Partners: commitment 2: substantially increase financing and other support for the health sector

46. World leaders committed almost $3 billion to cutting malaria deaths to near zero by 2015 during the high-level event on the Millennium Development Goals held in

2008. United Nations Member States committed at least $22 billion to the global HIV response annually by 2015, as well as to setting target outcomes on HIV/AIDS transmission in the Political Declaration on HIV/AIDS. Commitments have also been made on health systems, health worker training, neglected tropical diseases, maternal mortality and the provision of drugs and treatment at affordable prices.

Implementation

47. Based on data from OECD, ODA for health in Africa increased significantly from $2.3 billion in 2002 to $15.8 billion in 2015 and $11.9 billion in 2016, totalling $124.6 billion over the period 2002–2016. More than 46 per cent of total ODA for health in 2016, amounting to $5.5 billion, was dedicated to population policies, including the control of sexually transmitted infections, most notably HIV/AIDS.

48. Engagement on the part of India has been growing in the sectors of health care and medicine in Africa. In 2011, Cipla, the largest pharmaceutical Indian firm manufacturing generic medicines, initiated in Cameroon, Kenya, Lesotho and Zambia the Cipla dollar-a-day treatment programme, an initiative to reduce the cost of HIV/AIDS treatment.

49. China ranks among the top 10 bilateral global health donors to Africa. From 2000 to 2012, China committed $3 billion to 255 projects in the health, population and water and sanitation sectors in Africa. For its part, the Korea International Cooperation Agency recently unveiled its country partnership strategy for 2016–2020 for Ethiopia, Ghana, Mozambique, Rwanda, Senegal, Uganda and the United Republic of Tanzania, where health cooperation is a prominent aspect of the blueprint.

Impact

50. The increase in investments in the health sector has provided important dividends in combating HIV/AIDS, tuberculosis and malaria, as evidenced by falling mortality rates across Africa. However, many African countries suffer capacity constraints and pervasive weak health systems that were further weakened by the Ebola outbreak in West Africa in 2013 and 2014. Notwithstanding these challenges, under-5 mortality rates decreased from 173 to 81 deaths per 1,000 live births over the period 1990–2015. Africa has also made significant progress in reducing the maternal mortality rate, from 965 deaths per 100,000 live births in 1990 to 542 per 100,000 live births in 2015.

2. Water and sanitation

Africa: commitment 4: expand and improve access to clean water and sanitation services

51. According to AfDB, 330 million Africans lack access to basic drinking water services, and 680 million lack access to safely managed sanitation services. Investments in clean water and sanitation are critical, with an estimated $13 billion required each year to meet the targets under Sustainable Development Goal 6 on the continent, not including the amount required for the operation and maintenance of existing infrastructure.[11]

Implementation

52. The Ngor Declaration on Sanitation and Hygiene was adopted in May 2015 as the vehicle to implement the Africa Water Vision 2025.

[11] See http://www.afdb.org/en/news-and-events/world-water-day-interview-wambui-gich-afdb-director-water-development-and-sanitation-department-17966/.

53. African countries have been working towards reaching a minimum expenditure of 0.5 per cent of GDP annually on water and sanitation by 2020, to improve access and improve health and nutrition outcomes, in accordance with the July 2016 Dar es Salaam road map for achieving the Ngor commitments on water security and sanitation in Africa.

54. The African Union, in partnership with the African Water Facility, has strengthened monitoring and reporting on access to clean water and sanitation in Africa. Under its strategy for the period 2017–2025, the Facility assists African countries in addressing the increasing need for investment for the development and management of water resources in Africa.

Impact

55. There have been several notable impacts on the ground. For example, Côte d'Ivoire made progress in defining national policies and strategies for sustainable development beyond 2015. Rwanda committed to developing a comprehensive sector investment plan, with multi-stakeholder input, to complement the existing sector strategic plan. The investment plan will be closely monitored and evaluated, to effectively track progress towards the achievement of Vision 2020 of Rwanda and the Sustainable Development Goals. In Lesotho, the Water and Sewerage Company budget allocation increased from $8.5 million to $12.4 million from 2013 to 2017, increasing clean water access and sanitation during the same period.[12]

Partners: commitment 3: provide financial support to help to extend access to clean water and sanitation services

Implementation

56. AfDB made a commitment to launch 47 new water, sanitation and hygiene operations during the period 2014–2016 (worth $1.8 billion). AfDB partially met that ambitious commitment by implementing 24 new operations by June 2016 with a cumulative value of $664 million.

57. In 2015, sub-Saharan Africa received the largest share of aid commitments for water and sanitation (over $1.7 billion) from traditional development partners of any region. Most countries in the region, however, did not reach the Millennium Development Goal targets for either drinking water or sanitation.[13] Aid commitments to the region declined from 38 per cent of overall water and sanitation ODA in 2012 to 20 per cent in 2015, from $3.8 billion to $1.7 billion.[14]

58. New and emerging development partners, including China and Turkey, have supported water and sanitation projects in Africa. Turkey, through the Humanitarian Relief Foundation, has provided water and sanitation aid to nearly 1.6 million people in Africa by drilling 457 water wells for clean water in nine African countries.

Impact

59. There have been several notable impacts on the ground. Assistance from the Netherlands helped the Water Supply Asset Holding and Investment Fund of Mozambique to cover 70 per cent of the country's 21 major cities with access to

[12] UN-Water, *UN-Water Global Analysis and Assessment of Sanitation and Drinking Water (GLAAS) 2017 Report: Financing Universal Water, Sanitation and Hygiene under the Sustainable Development Goals* (Geneva, WHO, 2017).

[13] WHO and United Nations Children's Fund, *Progress on Sanitation and Drinking Water: 2015 Update and MDG Assessment* (Geneva, 2015).

[14] UN-Water, *UN-Water Global Analysis and Assessment of Sanitation and Drinking Water (GLAAS) 2017 Report*.

drinking water. Japan helped to provide 36 million people with drinking water and 4,200 people with training in the water, sanitation and hygiene sector. Water, sanitation and hygiene aid from France co-financed the Kabala drinking water plant in Mali and financed a major capacity-building programme for the company operating the plant.

3. Overall assessment and key priorities and challenges

60. Developing national health systems and further modernizing Africa's health infrastructure for the growing population are critical.

61. Appropriate investments in human capital, especially quality education for young people, are needed for the 3 million additional professional health workers required to meet WHO minimum benchmarks.

62. Economic growth in some African countries has not yet translated into improved water and sanitation, owing largely to limited financial and budgetary allocations.

63. Significant inequalities in access to water and sanitation between rural and urban areas in Africa persist.

64. Policies on water and sanitation do not reflect the integrated political, financial, socioeconomic and environmental challenges that affect food security, health, development and the sustainability of ecosystems caused by climate change.

C. Climate change

65. The Paris Agreement entered into force in November 2016 with the aim of strengthening the global response to the threat of climate change by keeping a global temperature rise well below 2°C above pre-industrial levels by 2100 and making efforts to limit the temperature increase even further to 1.5°C above pre-industrial levels. The purpose of the Agreement is to increase the ability of countries to adapt to the impacts of climate change; achieve a net balance between sources and sinks of greenhouse gases; and make finance flows consistent with a low-emission and climate-resilient pathway. The Agreement also established that the intended nationally determined contributions would transition to nationally determined contributions.

1. National and regional planning and preparedness

Africa: commitment 5: enhance climate change resilience and adaptation and improve natural disaster preparedness through national and regional policies, strategies and planning

66. In goal 7 of the first 10-year implementation plan of Agenda 2063, African countries undertook to strengthen climate change resilience and natural disaster preparedness, including by integrating those objectives into national and regional policies, planning and preparedness.

Implementation

67. African countries took steps to integrate adaptation into development planning, including through integration at different levels, policymaking and climate legislation, and new institutional arrangements.

68. Five of the nine countries that have submitted their national adaptation plans to the secretariat of the United Nations Framework Convention on Climate Change are in Africa. The slow progress was due mainly to the lack of financial support available to developing countries. The decision of the Green Climate Fund to make up to

$3 million available to each country for such plans and other adaptation planning processes was therefore particularly welcome.

69. As at June 2018, 23 of 47 requests related to national adaptation plans and submitted to the Green Climate Fund were from Africa. Of those 23 requests, 7 had been endorsed and approved. Moreover, 47 African countries had ratified the Paris Agreement. To address the impacts of climate change, a number of key regional initiatives have been developed and adopted, including the Africa Renewable Energy Initiative and the Africa Adaptation Initiative.

70. Following the African Union decision on Africa's engagement in the global climate change negotiations, three commissions dedicated to the Sahel region, the Congo basin region and the island States were established. In April 2018, African countries operationalized the Congo Basin Climate Commission and the Blue Fund for the Congo Basin.

Impact

71. To date, the Africa Climate Change Fund, a multi-donor trust fund managed by AfDB, has approved eight small grant projects totalling $3.3 million, which support countries in strengthening their capacity to gain access to international climate finance.

72. According to the World Bank, African countries have made progress in the implementation of the Africa Climate Business Plan. As at November 2016, 45 countries had committed to implementing their intended nationally determined contributions. The Plan had identified various sources of potential financing for the implementation of activities aligned with such contributions.

2. External support

Partners: commitment 4: provide additional climate finance

73. The Paris Agreement affirmed the goal of mobilizing at least $100 billion each year to address the mitigation and adaptation needs of developing countries.

Implementation

74. According to United Nations estimates, total public climate-specific finance from developed countries to developing countries rose by about 50 per cent between 2011 and 2014, from $17 billion to $26.6 billion, focusing mainly on mitigation interventions. As at December 2016, the Green Climate Fund had mobilized $10.3 billion in pledges from 43 Member States, including from 8 developing countries.[15]

75. Within the framework of the Africa Climate Business Plan, the World Bank has facilitated country access to climate finance. With regard to "climate-smart" agriculture, the World Bank approved 11 projects totalling $1.4 billion, reaching more than 1.6 million farmers and improving about 725,000 ha of land with climate-smart agricultural practices. As regards access to energy, the World Bank has committed to installing 1 GW of solar capacity by 2020; to that end, the Bank is implementing a regional project worth $200 million to expand electricity access to households and communities through modern off-grid electricity services in nine target countries.

76. AfDB, the Africa 50 platform and the Green Climate Fund are working together on the Desert to Power initiative to transform African deserts into new sources of

[15] *Financing for Development: Progress and Prospects — Report of the Inter-Agency Task Force on Financing for Development 2017* (United Nations publication, Sales No. E.17.I.5).

renewable energy, with the aim of developing 10,000 MW of solar energy across 11 countries in the Sahel region and generating solar energy for 250 million people while promoting agriculture development and other economic activities.[16]

77. The Climate Investment Funds continued to support climate change mitigation and adaptation activities in the energy, climate resilience, transport and forestry sectors. Pledges totalling $8.3 billion are expected to mobilize an additional $58 billion of co-financing.

78. With the adoption of the Paris Agreement, the Global Environment Facility established a Capacity-building Initiative for Transparency trust fund. Eleven donors pledged approximately $55 million to the trust fund at its official launch at the twenty-second session of the Conference of the Parties to the Framework Convention, in November 2016.

79. The Africa Climate Change Fund was established with an initial contribution of €4.725 million from Germany and subsequently benefited from an additional funding commitment of €4.7 million from Italy and a commitment of €2 million from Flanders, Belgium.

Partners: commitment 5: support the transfer of technology and capacity-building

80. The Paris Agreement promotes strengthened international cooperation on climate-safe technology development and transfer and capacity-building and the establishment of a technology framework and appropriate institutional arrangements. As part of the Agreement, the Capacity-building Initiative for Transparency was established to strengthen the institutional and technical capacities of developing countries to meet the enhanced transparency requirements in the Agreement.

Implementation

81. With total funding of $50 million, the Poznan strategic programme on technology transfer was established by the Global Environment Facility in 2008 to scale up the level of investment for technology transfer, with the aim of helping developing countries to address their needs with regard to environmentally sound technologies.

82. The Technology Mechanism was created by the Global Environment Facility in 2010 to facilitate action on technology development and transfer.

83. The Global Environment Facility provides funding to climate technology development and transfer activities. It supports countries in conducting technology needs assessments, developing technology pilot projects and implementing hundreds of climate projects with objectives related to climate technologies. Eleven African countries have participated in the first phase of technology needs assessment activities, and 12 have participated in the second phase.

84. During the period 2014–2018, 19 projects with technology transfer objectives were approved with $111.7 million in funding from the Global Environment Facility and $709.3 million in co-financing.

85. An example of a technology transfer project is the *Typha*-based production of thermal insulation material in Senegal, which started in 2013. During the reporting period, projects under the Capacity-building Initiative for Transparency were approved by the Global Environment Facility in four African countries.

[16] United Nations Framework Convention on Climate Change secretariat, "Major funds support clean solar energy in the Sahel", 30 May 2018.

3. Climate action

Africa: commitment 6: make "best efforts" on emission reductions through nationally determined contributions

Implementation

86. African countries continued to take measures to address the negative effects of climate change and to reduce vulnerability and strengthen resilience, by implementing and integrating climate change adaptation approaches into national development plans. This was demonstrated through the adoption of national strategies for the protection and promotion of biodiversity, as well as national climate change adaptation strategies.

87. The *Adaptation Gap Report 2017* indicates that, so far, there are no agreed indicators or matrices to assess progress towards the global goal on adaptation agreed in the Paris Agreement.

88. The Africa low emissions development strategies project supports countries in establishing analytical tools to inform optimal policies for implementing nationally determined contributions, thereby contributing to the encouragement of a country-led, demand-driven transition to a low-emission development pathway.

89. Through the Ecosystem-based Adaptation for Food Security Assembly project, adaptation and mitigation aims are merged for complementarity to drive climate actions from the socioeconomic development perspective.

Partners: commitment 6: reduce carbon emissions (annex I parties) or otherwise make "best effort" nationally determined contributions (non-annex I parties)

Implementation

90. The *Emissions Gap Report 2017* indicates that the growth in total greenhouse gas emissions slowed in the past two years, with calculated increases of 0.9 per cent, 0.2 per cent and 0.5 per cent in 2014, 2015 and 2016, respectively. Group of 20 countries are collectively on track to meet their Cancun pledges for 2020. However, progress varies among the Group's countries, with Australia, Brazil, China, India, Japan, the Russian Federation and the European Union estimated to be on track to meet their 2020 pledges.

91. According to Oxfam, aid to low-income countries to help them to reduce their greenhouse gas emissions is lagging behind the targets set in the Paris Agreement. A fresh injection of $4.1 billion from the international community has been made available to the Global Environment Facility to help to prevent biodiversity loss and reduce greenhouse gas emissions.

4. Overall assessment and key priorities and challenges

92. African countries took steps to integrate adaptation into development planning. Key priorities concern mainly the adaptation and mobilization of adequate funding and technology transfer. African countries need assistance in applying for green facilities, grants and loans.

93. African countries need assistance in enhancing their nationally determined contributions and integrating green and low-carbon growth into their national development frameworks.

94. There is a need for traditional development partners to meet their emission reduction commitments. Financing and capacity development needs for implementation should be mainstreamed into innovative mechanisms to reduce emissions from deforestation and forest degradation.

D. Financing for development

1. Domestic resource mobilization

Africa: commitment 7: strengthen the mobilization of domestic public revenue and its efficient utilization

95. The Addis Ababa Action Agenda reaffirms that mobilization and effective use of domestic resources, underscored by the principle of national ownership, are central to achieving the Sustainable Development Goals.

96. African countries have made efforts to increase domestic resources to finance their sustainable development priorities. At its twenty-seventh ordinary session, held in July 2016, the Assembly of the African Union adopted measures to mobilize additional resources through innovative financing mechanisms.

Implementation

97. African countries have made major efforts to improve the efficiency and effectiveness of their revenue mobilization. These have included broadening the tax base through the establishment of autonomous revenue authorities; the adoption of value added tax; and measures to ensure the transparency of revenue and expenditure, as well as better governance.

Impact

98. Such measures have contributed to improved revenue collection: tax revenue increased from 23 per cent in 2000 to a high of 28.5 per cent of GDP in 2006.

99. However, tax mobilization efforts are relatively weak in African oil-exporting countries, with an average tax-to-GDP ratio of 20 per cent in 2015, compared with 25 per cent for African non-oil exporters and 34 per cent across the OECD Development Assistance Committee member countries.

100. Despite those efforts, tax revenues remain insufficient to finance the continent's development agenda as encapsulated in Agenda 2063 and the 2030 Agenda. Structural factors such as low per capita income, a large informal sector and limited manufacturing also hamper tax mobilization efforts in Africa.

Africa: commitment 8: mobilize private investment and develop capital markets and other financial sources

101. Despite growth, domestic resources remain low in absolute terms for many African countries, requiring the mobilization of increased resources, including from the domestic private sector.

102. African countries have undertaken reforms to deepen the financial sector and facilitate the efficient allocation of resources to support development. They have also undertaken to encourage private investment through improvement of the business environment.

Implementation

103. Measures implemented by African countries have ranged from privatization and deregulation to macroeconomic and broader institutional reforms, including agricultural, trade and financial liberalization undertaken in the context of structural adjustment programmes.

104. The impressive showing of African countries on the World Bank ease of doing business index demonstrates the impact of investment climate reforms. For example, 5 of the world's top 10 reformers were in Africa in 2014.

Impact

105. Measures taken by African countries have contributed to improving the performance of the banking sector, with a concomitant positive impact on private sector development and overall economic development. According to the International Monetary Fund, the region's median ratio of private sector credit to GDP has doubled from its 1995 level. The continent has also experienced innovation in financial services, thanks to the growth of mobile telephony, including the notable development of systems such as M-Pesa and M-Shwari in East Africa.[17]

2. External finance

Partners: commitment 7: increase official development flows, including (in the case of traditional development partners) official development assistance

106. In the Addis Ababa Action Agenda, ODA commitments were reaffirmed, including the commitment by many developed countries to achieve the target of 0.7 per cent of gross national income for ODA (ODA/GNI) and 0.15 to 0.20 per cent of ODA/GNI to the least developed countries. Africa is the major beneficiary of these commitments, particularly of the latter, as two thirds of the least developed countries are in Africa.

Implementation

107. According to preliminary OECD figures, net ODA by Development Assistance Committee members reached $146.6 billion in 2017, representing a decline of 0.6 per cent in real terms compared with 2016 and a roughly 8.7 per cent increase in current prices over the 2013 baseline. Net ODA as a share of GNI fell once again, from 0.32 per cent in 2016 to 0.31 per cent in 2017, which makes the collective progress towards the target of 0.7 per cent still elusive.

108. However, while the headline ODA figures have weakened globally for 2017, preliminary estimates suggest that the bilateral aid from OECD Development Assistance Committee countries to Africa was about $29 billion, reflecting a 3 per cent year-on-year increase following a 0.5 per cent decrease from 2015 to 2016. Similarly, ODA to the least developed countries, two thirds of which are located in Africa, reached $26 billion in 2017, reversing the earlier decline with a 4 per cent year-on-year increase.

109. Based on the latest disaggregated data for 2016, net ODA disbursements to Africa declined by 1.6 per cent, from approximately $51 billion in 2015 to $50.2 billion in 2016. The sectors primarily targeted by Development Assistance Committee donors in 2016 are: social (44 per cent); economic (20 per cent); humanitarian aid (11 per cent); production (10 per cent); multisector aid (8 per cent); and general programme aid (5 per cent).

Impact

110. Encouraging progress was observed in the better streamlining of developing countries' strategic planning and priorities, as well as better alignment between development partners' programmes and country-led results frameworks. There has

[17] Anne-Marie Gulde-Wolf, "Accelerating financial sector development to boost growth in sub-Saharan Africa", International Monetary Fund, 13 July 2016.

been an increase in untied aid from 2010 to 2016, the proportion of untied aid in ODA from Development Assistance Committee countries peaking at 80 per cent in 2016, having risen from 74 per cent in 2010.

111. Against a target of 90 per cent of funds being disbursed as planned, the annual predictability worldwide decreased slightly in 2015, to 84 per cent, from 85 per cent in 2010. Yet that overall figure masks a regional disparity: Africa suffers the most, at 73 per cent.

Partners: commitment 8: facilitate flows of private external resources (remittances, foreign direct investment and other flows)

112. Group of 20 leaders committed to reducing the global average cost of remittances to 5 per cent (from 9.30 per cent in mid-2011) during the Group of 20 Summit held in Cannes, France, in 2011. The Group revised that target at its Summit held in Hangzhou, China, in 2016 to 3 per cent, as well as committed to eliminating remittance corridors with costs higher than 5 per cent by 2030, in accordance with Sustainable Development Goal 10.

Implementation

113. Global flows of FDI fell by 23 per cent to $1.43 trillion in 2017 from $1.87 trillion in 2016. However, investments in developing countries remained stable, allowing them to account for a growing share of global FDI, namely 47 per cent of the total in 2017, an increase from 36 per cent in 2016. However, there is a growing regional disparity among developing countries due partly to weak oil prices and the macroeconomic spillover effects from the commodity bust. FDI flows to Africa continued to slide, with a 21 per cent year-on-year decline from $53.2 billion in 2016 to $41.7 billion in 2017. This corresponds to a decline from 3.6 per cent of global FDI in 2013 to around 2.9 per cent in 2016, suggesting that Africa is losing ground in its quest to attract investments.

114. The cost of sending remittances was 7.1 per cent globally as at the first quarter of 2018, having remained flat compared with the year before and down from the baseline of 9.7 per cent in 2009. While that figure is a historic low, it is still 2.1 per cent above the Group of 20 objective and 4.1 per cent above the Sustainable Development Goal 10 target.

115. The average cost of sending remittances to sub-Saharan Africa stands at 9.4 per cent as at the first quarter of 2018 and is the highest in the world.

Impact

116. Remittance flows to sub-Saharan Africa bounced back, having risen by 11.4 per cent in 2017 and reaching $38 billion after flows declined two years in a row, by 2.5 per cent, to $36 billion, in 2015 and by 4.6 per cent, to $34 billion, in 2016. They remain a lifeline for many countries, accounting for example for 27 per cent of GDP of Liberia and 21 per cent of GDP of the Comoros. The largest recipients of remittances in 2017 were Nigeria ($22 billion), Senegal and Ghana ($2.2 billion each), Kenya ($2 billion), Uganda ($1.4 billion) and Mali ($1 billion).

117. Sub-Saharan Africa continues to have the highest remittance costs in the world, at some 29 per cent above the world average in 2017. In 2017, some of the most expensive corridors were intraregional, for example Angola to Namibia (26.7 per cent). Conversely, the least costly intraregional corridor in 2017 was Côte d'Ivoire to Mali, at 2.9 per cent.

118. To overcome the stagnation in the global average cost of sending remittances, Group of 20 countries may also need to implement further measures to increase competitiveness and innovation in the remittance market.

119. The share of Africa in global FDI is only 2.9 per cent. Major destinations for FDI in Africa in 2017 were Egypt, Ethiopia, Nigeria, Ghana and Morocco. However, among the greenfield investments, only about 25 per cent were in the manufacturing sector, with the rest focused on the service sector and the primary sector.

3. Illicit financial flows

Africa: commitment 9: reduce illicit financial outflows and recover stolen assets

Implementation

120. The findings of the High-level Panel on Illicit Financial Flows from Africa show the serious adverse consequences of illicit financial flows on African development, which put the estimates for such flows out of Africa at over $69 billion each year. According to studies conducted under the auspices of Global Financial Integrity, the scale of such flows from Africa due to trade mispricing alone is approaching $50 billion a year.

121. At its twenty-fourth ordinary session, held in January 2015, the Assembly of the African Union adopted a special declaration on illicit financial flows in which African leaders resolved to ensure that all the financial resources lost through illicit capital flight and illicit financial flows are identified and returned to Africa to finance the continent's development agenda.

122. According to OECD, base erosion and profit-shifting practices cost countries between $100 billion and $240 billion in lost tax revenue annually, which is equivalent to 4–10 per cent of global corporate income tax revenue.

Partners: commitment 9: reduce illicit financial flows and return stolen assets

Implementation

123. To stem illicit financial flows, Sustainable Development Goal 16 (target 16.4) calls for significantly reducing illicit financial and arms flows, strengthening the recovery and return of stolen assets and combating all forms of organized crime by 2030. Through its Action Plan on the 2030 Agenda, adopted in Hangzhou in 2016, the Group of 20 aims to enhance existing international efforts in this area through the implementation of the Group of 20 Anti-Corruption Action Plan 2017–2018.

Impact

124. The Inclusive Framework on Base Erosion and Profit Shifting, which comprised 11 members as at March 2018, covers many African countries and jurisdictions. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, with 79 signatories as at June 2018, entered into force in July 2018, strengthening existing tax treaties and reducing opportunities for tax avoidance by multinational corporations. While the potential impact of limiting base erosion and profit-shifting practices and bringing about more transparency in international taxation will materialize gradually, it should lead to improved tax revenues across Africa and enhance competitiveness based on transparency and efficiency.

125. In order to put an end to base erosion and profit-shifting practices, key priority measures to curb the negative spillovers and adverse impacts on competitiveness were identified, as were minimum standards for fighting harmful tax practices, preventing tax treaty abuse, including treaty shopping, improving transparency with country-by-country reporting and enhancing the effectiveness of dispute resolution.

4. Overall assessment and key priorities and challenges

126. It is estimated that $6 trillion per year, or $90 trillion over the lifetime of the Sustainable Development Goals, is required to achieve the Goals globally, implying that ODA as the sole means of implementation will not be sufficient. There is growing recognition that private flows to Africa, including remittances, domestic resource mobilization and curbing illicit financial flows, will be the key components of a wholesale effort to make the Sustainable Development Goals and the aspirations in Agenda 2063 of the African Union a reality. Nonetheless, it is crucial for OECD Development Assistance Committee members to revitalize their efforts to meet the target of 0.7 per cent of GNI, as well as the target in the Programme of Action for the Least Developed Countries for the Decade 2011–2020 of providing 0.15 to 0.20 per cent of donor GNI as ODA to the least developed countries, given that over 70 per cent of those countries are in Africa.

127. Apart from efforts to increase the volume, the challenge is maximizing the catalytic effect, including using blended finance and other strategic and innovative means of financing for development and promoting affordable financing for micro-, small and medium-sized enterprises in Africa.

128. Given that commercial flows constitute most illicit financial flows, the international community should redouble its efforts to tackle tax havens and stem the practice of profit shifting among multinational corporations.

129. As for facilitating private external resource flows to Africa, while the onus is on the African countries to create a sound business environment and secure property rights that would foster investor confidence, the OECD Development Assistance Committee partners have a role to play in helping to build capacity to implement the necessary reforms and increasing support for risk sharing and risk mitigation instruments. OECD countries and the Group of 20 should redouble their efforts to achieve the Sustainable Development Goal target of 3 per cent in remittance costs.

130. In a United Nations-African Union report, it is argued that Africa has enormous domestic financial resource potential and that it should take advantage of its development opportunities by looking inward to mobilize adequate resources for stable growth and inclusive development. Achieving the continent's aspirations will hinge on the ability of African countries to mobilize adequate, predictable and sustainable financial resources.

131. The challenges facing Africa are to enhance domestic resource mobilization and at the same time adopt the right policies and create credible institutions to leverage additional resources from external public and private sources.

132. Mobilizing the resources required to finance the investment needs of African countries will be critical to achieving the Sustainable Development Goals and Agenda 2063.

IV. Conclusions and recommendations

A. Industrialization and regional integration

133. **Governments of African countries may consider the need to:**

(a) **Increase awareness of the importance of inclusive and sustainable industrial development in Africa to the success of the African Continental Free Trade Area;**

(b) **Accelerate investment and industrialization, building on their comparative advantages, youthful population and growing middle class. Competitive wages and proximity and access to developed markets provide opportunities to expand collaboration with emerging partners;**

(c) **Implement sound macroeconomic policies and create a conducive and inclusive business climate, so as to attract foreign investment and expand manufacturing and agricultural production;**

(d) **Revitalize technical and vocational education and training systems. The acquisition of employment-relevant skills for young people and adults to participate meaningfully in the economy towards the achievement of sustainable livelihoods is vital.**

134. **Development partners may consider the need to:**

(a) **Encourage investment in Africa, by encouraging private companies engaged in manufacturing and agribusiness to invest in and relocate to the continent;**

(b) **Promote investment in sustainable and secure energy, renewables and energy efficiency, and sustainable and resilient infrastructure and industries in Africa;**

(c) **Support African Member States in industrializing through trade in accordance with the African Continental Free Trade Area and in identifying infrastructure gaps, needs and funding requirements for sustainable infrastructure, including regional and rural infrastructure, along with opportunities to promote public-private partnerships;**

(d) **Encourage foreign development banks to mobilize resources in infrastructure and industries through partnerships and to build institutional management capacities to strengthen country systems;**

(e) **Promote science, technology and innovation as critical means for industrialization in Africa, by contributing to the capacity development of science and technology personnel, including women and youth;**

(f) **Focus on the potential for agro-industry, capitalizing on Africa's natural comparative advantages.**

B. Health, water and sanitation

135. **Governments of African countries may consider the need to:**

(a) **Increase the quality of health care through reforms that improve the infrastructure of health facilities, qualified staff and essential medicines to improve effective health-care delivery;**

(b) **Establish affordable health financing mechanisms, including social health insurance, while working towards universal health coverage;**

(c) **Fulfil their commitment of 15 per cent budget allocation to the health sector, in accordance with the Abuja Declaration on HIV/AIDS, Tuberculosis and Other Related Infectious Diseases;**

(d) **Strengthen regional health cooperation mechanisms and the Africa Centres for Disease Control and Prevention for the prevention, early detection and reporting of health problems;**

(e) **Scale up investments in the conduct of epidemiological and health service research;**

(f) **Develop robust public-private partnerships for health to find innovative approaches to accelerating access to health information and services;**

(g) **An increase in financing of some $13 billion each year is required for Africa to achieve the Sustainable Development Goal 6 targets on water and sanitation. Initiatives and policies should be designed to help to create an enabling environment that addresses shortcomings in governance and capacity and that promotes knowledge, smart solutions and innovations to attract public and private sector investments.**

136. **Development partners may consider the need to:**

(a) **Scale up long-term predictable and sustainable health financing by strengthening South-South cooperation to mobilize resources for health financing to boost health sector capacity;**

(b) **Enhance support for robust monitoring and evaluation frameworks alongside strong statistical and data systems to inform analysis, identify gaps and support the formulation of health policy interventions to improve health outcomes;**

(c) **Encourage pharmaceutical manufacturing in Africa to cover unmet pharmaceutical needs, bring down costs and increase access to essential medicines;**

(d) **Increase investments in scientific research and professional training and find suitable alternatives for antimicrobial-resistant drugs.**

C. Climate change

137. **Governments of African countries may consider the need to:**

(a) **Continue to take measures to integrate adaptation into development planning and implement their national adaptation plans to strengthen climate change resilience and natural disasters preparedness;**

(b) **Strengthen national capacities to gain access to international climate finance.**

138. **Development partners may consider the need to:**

(a) **Deliver on commitments to provide additional financial support and climate-friendly technology for climate change adaptation and mitigation;**

(b) **Deliver on commitments to specific emissions reductions or to nationally determined best efforts;**

(c) **Provide technical and financial support for Africa to increase energy availability;**

(d) **Ensure the equal treatment of Africa in addressing climate change by providing financial support and incentives for mitigating carbon dioxide emissions through avoided deforestation, and for acting as a global sink of carbon dioxide.**

D. Financing for development

139. **Governments of African countries may consider the need to:**

(a) **Continue to increase domestic revenue, including by formalizing the informal sector;**

(b) **Strengthen the capacity of tax authorities to tackle illicit financial flows;**

(c) **Strengthen property rights and the rule of law and simplify investment rules and regulations to put in place an enabling business environment, in order to attract long-term greenfield FDI from within and outside Africa and contribute to the continent's structural transformation.**

140. **Development partners may consider the need to:**

(a) **Increase support for industrialization, particularly in the agro-industry sector, through a combination of investment, trade policy and capacity-building support;**

(b) **Increase ODA to Africa, in line with the scale of the challenges facing the continent;**

(c) **Allocate the bulk of ODA to long-term development goals, as opposed to short-term emergencies, such as the refugee crisis and other humanitarian emergencies. Funding for the latter should not crowd out the former;**

(d) **Redouble efforts to bring the cost of remittances down in line with Sustainable Development Goal 10 and the remittance plans implemented by the Group of 20 countries, including by supporting science, technology and innovation in Africa, as well as providing capacity-building support to African Member States;**

(e) **Strengthen efforts to stem illicit financial flows and to identify, recover and return stolen assets.**